

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 IO-10

COME-00 EB-07 LAB-04 SIL-01 TRSE-00 DOTE-00 /079 W

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R 141642Z MAR 75

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 5912

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POUCHED TO ALL CONSULATES IN CANADA FOR INFO

E.O. 11652: N/A

TAGS: PGOV, EWWT, CA

SUBJ: CHARGES IN HAMILTON "HARBORGATE" SCANDAL

ADD TO GOC WOES

REF: OTTAWA 760

1. SUMMARY. CHARGES FOR CONSPIRACY TO DEFRAUD WERE LAID MARCH 12. AGAINST 12 MAJOR DREDGING FIRMS AND 14 BUSINESSMEN, SEVERAL OF WHOM HAVE CONNECTIONS WITH LIBERAL PARTY POLITICS NATIONALLY AND IN QUEBEC. SOLICITOR GENERAL ALLMAND ANNOUNCED INVESTIGATION CONTINUING, AND OTHER CHARGES LIKELY. PARLIAMENTARY OPPOSITION CALLING FOR PUBLIC INQUIRY INTO POSSIBLE "POLITICAL MISCONDUCT" IN ADDITION TO CRIMINAL PROCEEDINGS. THOUGH THERE NOT RPT NOT INDICATION GOC OFFICIALS IMPLICATED (INDEED, CANADIAN AND QUEBEC GOVERNMENTS WERE VICTIMS OF FRAUD), HAMILTON HARBOR SCANDAL ADDS TO GROWING LIST OF CABINET PROBLEMS. PRIMIN TRUDEAU'S ABSENCE IN EUROPE SEEKING ILL-DEFINED "CONTRACTUAL LINK" WITH EC DOES NOT HELP EITHER. END SUMMARY.

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2. CHARGES OF FRAUD (UP TO \$4 MILLION) INVOLVE

PRACTICALLY EVERY MAJOR DREDGING FIRM IN CANADA. IN RESPONSE TO PROGRESSIVE CONSERVATIVE (PC) QUESTIONS, TRANSPORT MIN MARCHAND SAID NATIONALIZATION OF INDUSTRY WORTH CONSIDERING. INDIVIDUALS CHARGED INCLUDE JEAN SIMARD, ONE OF QUEBEC PREMIER BOURASSA'S APPARENTLY UBIQUITOUS IN-LAWS, BRUNO DESJARDINS, FORMER LAW PARTNER OF QUEBEC JUSTIC MIN CHOQUETTE, AND HUGH MARTIN, FORMERLY LIBERAL PARTY CAMPAIGN CHAIRMAN IN BRITISH COLUMBIA. OTHER BOURASSA IN-LAWS REPORTEDLY HOLD SHARES IN ACCUSED COMPANIES.

3. IN STORMY COMMONS QUESTION PERIOD MARCH 12, OPPOSITION SOUGHT INFORMATION ON HOW AND WHEN INVESTIGATION WAS INITIATED, IMPLYING THERE MAY HAVE BEEN SOME DELIBERATE DELAY. (PAT NOWLAN, PC SHADOW CABINET SOLICITOR GENERAL, TOLD EMBOFF THERE IS EVIDENCE OF FRAUD GOING BACK SIX YEARS). PC AND NDP MEMBERS URGED ACTING PRIMIN SHARP TO AGREE TO INDEPENDENT INQUIRY INTO POSSIBLE POLITICAL MISCONDUCT OR ADMINISTRATIVE FAILURE. SHARP, PREDICTABLY, REFUSED.

4. COMMENT: "HARBORGATE" SCANDAL IS SERIOUS IN ITSELF, BUT IMPORTANCE MAGNIFIED BY SENSE OF CONFUSION AND DRIFT WHICH INCREASINGLY SEEM TO CHARACTERIZE CABINET. LABOR MIN MUNRO STILL ABSENT FROM COMMONS WITH NERVOUS FATIGUE AND HIS CONTINUATION IN CABINET STILL QUESTIONABLE. TRANSPORT MIN MARCHAND, ULTIMATELY RESPONSIBLE FOR KEEPING HARBORS OPEN, IS BEHAVING WITH MORE THAN HIS USUAL ECCENTRICITY. HAVING ADMITTED THAT CANADIAN TRANSPORTATION WAS A "MESS" HE RECENTLY ACCUSED HIS CRITICS OF "RACISM", ATTACKING HIM BECAUSE HE WAS FRENCH CANADIAN, AND WAS LATER FORCED TO APOLOGIZE TO OPPOSITION LEADER STANFIELD; ADDING TO HIS WOES, HE FACES COURT SUMMONS FOR ALLEGED HIT-AND-RUN DRIVING. AGRICULTURE MIN WHELAN STILL HAS EGG ON FACE AFTER DESTRUCTION OF SEVERAL MILLION EGGS LAST SUMMER. DEFENSE MIN RICHARDSON IS TRYING TO LIVE DOWN ALLEGED SLUR AGAINST NATIVE PEOPLES (OTTAWA 772). AND ALL THIS IS OCCURRING DURING PERIOD OF GROWING LABOR UNREST, INFLATIONARY STRIKE SETTLEMENTS, AND CONCERN LIMITED OFFICIAL USE

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ABOUT THE OVERALL STATE OF THE ECONOMY, WITH GENERAL ATMOSPHERE FURTHER DARKENED BY CLICHE COMMISSION REVELATION OF CORRUPT PRACTICES IN QUEBEC WHICH RUBBING OFF ON PROVINCIAL LIBERAL PARTY OFFICIALS.

5. IN SHORT, DESPITE ITS SOLID PARLIAMENTARY MAJORITY, TRUDEAU GOVERNMENT HAS BEEN PUT AND KEPT ON DEFENSIVE. LIBERAL FLOOR LEADER SHARP HAS BEEN CLUMSY AND UNSUCCESSFUL

IN MANEUVERING UNIMAGINATIVE LEGISLATIVE PACKAGE THROUGH  
PARLIAMENT. TRUDEAU'S CURRENT EUROPEAN VENTURE, WHICH HAS  
INCLUDED SOME MUCH-PUBLICIZED SKIING BUT LITTLE OF PRACTICAL  
BENEFIT TO CANADA, MAY LEAVE HIM FURTHER VULNERABLE TO  
CRITICISMS FOR SWINGING WHILE CANADA BURNS. APPARENT  
SHORTCOMINGS IN POLITICAL LEADERSHIP ARE HEIGHTENING  
CANADIAN CONCERNS ABOUT HARD MONTHS AHEAD. PORTER

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